

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 698

Introduced by Assembly Member Grove

February 21, 2013

An act to amend Section ~~7222~~ 6812 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 698, as amended, Grove. Sales and use taxes: ~~local agencies: administration.~~ successor liability.

The Sales and Use Tax Law requires, if any person liable for any amount under that law sells out his business or stock of goods or quits the business, his or her successors or assigns to withhold a sufficient amount of the purchase price to cover an amount equal to that liability until the former owner produces a receipt from the State Board of Equalization showing that it has been paid or a certificate stating that an amount is not due. That law provides that if the purchaser of a business or stock of goods fails to withhold from the purchase price as required, he or she becomes personally liable for the payment of the amount required to be withheld by him or her to the extent of the purchase price, valued in money.

This bill would instead provide that the purchaser becomes personally liable for the payment of the amount required to be withheld by him or her to the extent of the purchase price if the purchaser of a business or stock of goods intentionally fails to withhold from the purchase price.

~~The Sales and Use Tax Law imposes a tax on the storage, use, or other consumption in this state of tangible personal property purchased from any retailer. The Bradley-Burns Uniform Local Sales and Use~~

~~Tax Law permits cities and counties to impose local sales and use taxes in conformity with the Sales and Use Tax Law. These local taxes are administered by the State Board of Equalization pursuant to a contract, as defined, with a local jurisdiction, as specified. The term “contract” is defined as any agreement for state administration of local sales and use taxes.~~

~~This bill would make a technical, nonsubstantive change to this definition.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6812 of the Revenue and Taxation Code
2 is amended to read:
3 6812. (a) If the purchaser of a business or stock of goods
4 intentionally fails to withhold from the purchase price as required,
5 he or she becomes personally liable for the payment of the amount
6 required to be withheld by him or her to the extent of the purchase
7 price, valued in money.
8 (b) (1) Within 60 days after the latest of the dates specified in
9 paragraph (2), the board shall either issue the certificate or mail
10 notice, to the purchaser at his or her address as it appears on the
11 records of the board, of the amount that must be paid as a condition
12 of issuing the certificate.
13 (2) For purposes of paragraph (1), the latest of the following
14 dates shall apply:
15 (A) The date the board receives a written request from the
16 purchaser for a certificate.
17 (B) The date of the sale of the business or stock of goods.
18 (C) The date the former owner’s records are made available for
19 audit.
20 (c) Failure of the board to mail the notice referred to in
21 subdivision (b) will release the purchaser from any further
22 obligation to withhold from the purchase price as above provided.
23 The last date upon which the obligation of the successor may be
24 enforced shall be not later than three years after the date the board
25 is notified of the purchase of the business or stock of goods.
26 SECTION 1. ~~Section 7222 of the Revenue and Taxation Code~~
27 is amended to read:

- 1 ~~7222. For purposes of this chapter:~~
2 ~~(a) “Contract” means any agreement between a local jurisdiction~~
3 ~~and the state for the administration of local sales and use taxes.~~
4 ~~(b) “Local jurisdiction” means any local agency authorized to~~
5 ~~impose a tax under this part or in conformity with this part.~~
6 ~~(c) “Local tax” means any tax imposed by a local jurisdiction~~
7 ~~under this part or any tax imposed in conformity with this part.~~